

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7591

BILL NUMBER: HB 1408

NOTE PREPARED: Feb 23, 2009

BILL AMENDED: Feb 19, 2009

SUBJECT: Mortgage Lending Practices.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Investigative Fund*- The bill provides that if the total amount in the Investigative Fund (IF) administered by the Attorney General (AG) and the Professional Licensing Agency (PLA) to investigate real estate and real estate appraisal fraud exceeds \$750,000 at the end of a state fiscal year: (1) 50% of the amount exceeding \$750,000 remains in the IF; and (2) 50% of the amount exceeding \$750,000 shall be deposited in the Home Ownership Education Account (HOEA) administered by the IHCDA. (Current law provides that any amount remaining in the fund at the end of a state fiscal year that exceeds \$750,000 reverts to the state General Fund.)

Home Ownership Preservation Task Force (HOPTF)- The bill establishes the HOPTF that consists of: (1) the Director of the DFI; (2) the executive director of the IHCDA; and (3) 13 voting members appointed by the Governor. The bill provides that the director of the DFI and the executive director of the IHCDA serve as co-chairs and nonvoting members of the task force. The bill requires the HOPTF to conduct at least five meetings before November 15, 2009, and to do the following: (1) Identify new sources of federal funding that can be used to assist Indiana homeowners or communities that are affected by residential mortgage loan foreclosures. (2) Identify any other new or existing sources of federal, state, or private funding that can be used for, or redirected to, those purposes. (3) Identify methods and sources of available funding to promote the IHCDA's mortgage foreclosure counseling and education program. (4) Make recommendations for any state legislation, rules, or programs that the task force determines are necessary to assist Indiana homeowners or communities that are affected by residential mortgage loan foreclosures. The bill requires the task force to submit a report to: (1) the Legislative Council; and (2) the members of the Legislative standing committees that have jurisdiction over legislation concerning financial institutions.

Pro Bono Foreclosure Assistance Task Force (PBFATF)- The bill establishes the PBFATF that consists of:

(1) the Chief Justice of the Supreme Court, or the Chief Justice's designee, who serves as chair of the task force; (2) the president of the Indiana state bar association, or the president's designee; and (3) 15 members appointed by the Chief Justice. The bill requires the PBFATF to determine the feasibility of developing, implementing, administering, and promoting a statewide program to provide pro bono legal assistance to Indiana home owners involved in foreclosure proceedings filed in Indiana courts. The bill requires the task force to report its findings and recommendations to: (1) the Legislative Council; and (2) the members of the Legislative standing committees that have jurisdiction over legislation concerning financial institutions.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: *Home Ownership Preservation Task Force (HOPTF)- Pro Bono Foreclosure Assistance Task Force (PBFATF)-* Members of both task forces would be eligible for reimbursement for travel and for costs attributed to a member's duties.

Explanation of State Revenues: *Investigative Fund- General Fund Implications-* The bill would stop reversions from the IF as required under current law. Therefore, the General Fund would see a reduction in revenue in those fiscal years that the IF balance exceeds \$750,000.

HOEA- The HOEA would receive 50% of the remaining amount exceeding \$750,000 as a result of the proposal.

IF- The IF would retain the remaining 50% of the revenue in the IF above \$750,000 at the end of a fiscal year.

Background Information- The IF at the close of FY 2008 had an undesignated fund balance of \$300,860.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IHCDA; DFI; Chief Justice of Supreme Court.

Local Agencies Affected:

Information Sources: Indiana State Budget Agency: *General and Rainy Day Fund Summaries, June 30, 2008*; Auditor's Data; *State of Indiana List of Appropriations Made by the 2007 Indiana General Assembly for the Biennium July 1, 2007, to June 30, 2009.*

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